Alan F. Ciamporcero Executive Director

Federal Regulatory Relations 1275 Pennsylvania Avenue, N.W., Suite 400 Washington, D.C. 20004 (202) 383-6416

EX PARTE OR LATE FILED



January 26, 1995

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EX PARTE

William F. Caton **Acting Secretary** Federal Communications Commission Mail Stop 1170 1919 M Street, N.W., Room 222 Washington, D.C. 20554

Dear Mr. Caton:

DOCKET FILE COPY ORIGINAL

CC Docket No. 94-1 - Price Cap Performance Review for Local Exchange Carriers

Yesterday, Pacific Bell President Dave Dorman, along with John Gueldner, Ron Stowe, Alan Ciamporcero, and Peter Knight met with Chairman Hundt and Karen Brinkmann of his office, Commissioner Ness and Jim Casserly of her office, Commissioner Chong and Richard Welch of her office, and Jim Coltharp of Commissioner Barrett's office to discuss issues contained in the attached document which was used during the meeting. Please associate this material with the above-referenced proceeding.

We are submitting two copies of this notice in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

Attachment

Chairman Hundt CC:

> Commissioner Ness Commissioner Chong

Dlan F. Crampovero

Karen Brinkmann

Jim Coltharp

Jim Casserly

Richard Welch



- INTRALATA TOLL COMPETITION FORMALLY BEGAN 1/1/95
- PACIFIC PROHIBITED FROM INTERLATA COMPETITION

ACCESS RATE	\$.22944	\$.1122
AVERAGE		
	PRE-1/1/95	1/1/95

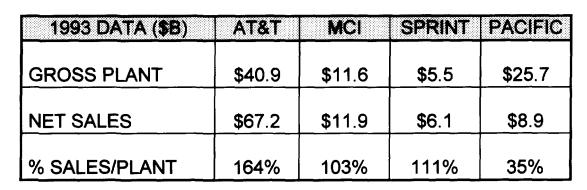


PRE-1/1/95	1/1/95	1/1/95	1/1/95
INTERLATA	INTERLATA	INTRALATA	INTRALATA-PROMO
\$.57	\$.56	\$.49	\$.47

NOTE: ALL ABOVE RATES FOR A 4-MINUTE 80-MILE DAYTIME CALL.

CPUC'S DIVISION OF RATEPAYER ADVOCATES SAID:

"only the IECs and their shareholders will be receiving the full benefits of the switched access charge reductions, and not ratepayers who use interLATA services... [T]he IECs appear to be leveraging their market power in the interLATA market to sustain lower rates in the intraLATA market."



Source: Compustat, Standard and Poors. Sprint long distance operations only.

1994 TV & PRINT	AT&T	MCI	SPRINT	PACIFIC
CALIFORNIA ADVERTISING (\$M)	\$69	\$43	\$26	\$ 18
% INCR. OVER 1993	24%	49%	8%	-8%

Source: Competitrack, FCB, Goodby and Time Buying Services.

Data through November 1994 vs. November 1993. Pacific data includes radio advertising.

- LET US KEEP IT, AND WE'LL INVEST IT.
 - RBOCS INCREASED INVESTMENT BY \$3.5B DURING 1991-93.
 - OUR EDUCATION FIRST PROGRAM TO "WIRE" SCHOOLS AND LIBRARIES WILL COST UP TO \$115M.

GIVE IT TO THEM, AND THEY'LL GIVE IT TO WHITNEY HOUSTON.



- SOME ESSENTIALLY ADVOCATE A RETURN TO RATE OF RETURN REGULATION. ROR WAS APPROPRIATE IN A STABLE AND NONCOMPETITIVE WORLD. TODAY IT'S BAD PUBLIC POLICY.
- SHARING AND PRODUCTIVITY TARGETS ARE RELICS OF RATE OF RETURN REGULATION. BOTH SHOULD BE ELIMINATED.
 - SHARING:
 - DISCOURAGES INVESTMENT IN THE NETWORK.
 - GIVES OUR COMPETITORS AND THEIR SHAREHOLDERS THE FRUITS OF OUR EFFICIENCIES.
 - REQUIRES CONTINUED ARBITRARY COST ALLOCATIONS AND DISTORTS POLICY DECISIONS.
 - FOR EXAMPLE, MCI'S PROTEST OF OUR "EDUCATION FIRST" FILING HAS TROUBLED THE CCB STAFF. THEY ARE CONCERNED ABOUT THE EFFECT ON SHARING.
 - IF A PRODUCTIVITY TARGET IS RETAINED:
 - IT SHOULD BE CALCULATED FROM NATIONAL DATA BY IMPARTIAL ECONOMISTS LIKE THE GNP-PI.
 - A ROLLING FIVE-YEAR AVERAGE OF TOTAL FACTOR PRODUCTIVITY TO INCORPORATE CHANGES IN COMPETITION AND TECHNOLOGY SHOULD BE USED.

 THE COMMISSION SHOULD NOT RETREAT, BUT CONTINUE TOWARD REGULATORY REFORM.